

The Cleveland State Bank

P. O. BOX 1000 • CLEVELAND, MISSISSIPPI 38732 • (601) 843-9461

2005 SEP -6 AM 10:15

September 2, 2005

George A. Steen
Executive Vice President

FDIC San Francisco Regional Office
Director John F. Carter
25 Jessie Street at Ecker Square
Suite 2300
San Francisco, CA 94105

Dear Mr. Carter,

I would like to comment on the application of Wal-Mart Corporation to operate a banking company. I am agreeable to large banking corporations and know that they have a vital roll in our country's financial health. However, recent history has reminded us that large corporations can fail and that they can have large impacts on our financial system. I believe we should always beware of a possible conflict of interest. A large commercial retailing company that would possibly control a large financial company sets up the unhealthy prospect of internal conflicts of interest that would present grave dangers to shareholders, depositors, and taxpayers.

We should always be mindful of the impact on the market place for any product or commodity when a new participant enters the market. It is my belief that in the banking industry there is a predictable reaction from the existing banks in a market when that market comes under too much pressure from too many banks. This predictable reaction is to take on more risk in order to compete.

It is my belief that the regulatory agencies of the financial system - State Banking Commissions, OCC, FDIC, and others - need to be aware of the dangers to the financial system of having too many providers of credit in a given market. I am certainly aware of the need and benefit of having an ample number of providers of credit in a market. Competition is certainly a good thing. However, too much of a good thing can become a bad thing. Hopefully it is one of the roles of our regulators to make judgment as to an appropriate number of providers for a market. If the regulatory agencies neglect this role then there will be the predictable result of too much risk taking.

I have no opinion as to Wal-Mart Corporation in particular, however it is my belief that the world's largest retailer does not need to become the world's largest banker. This would present a grave danger to our deposit insurance system upon which the people of the United States have come to have so much confidence.

Thank You,



George A. Steen
EVP